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REFERENCE TITLE: **service connected disability; tax relief**

State of Arizona  
Senate  
Forty-seventh Legislature  
First Regular Session  
2005

## **SCR 1009**

Introduced by  
Senators Blendu, Bee, Harper, Waring; Gould, Hellon, Tibshraeny,  
Verschoor; Representative Nelson

**A CONCURRENT RESOLUTION**

**PROPOSING AN AMENDMENT TO THE CONSTITUTION OF ARIZONA; AMENDING ARTICLE IX,  
SECTION 2, CONSTITUTION OF ARIZONA; RELATING TO TAXATION.**

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it resolved by the Senate of the State of Arizona, the House of  
2 Representatives concurring:

3 1. Article IX, section 2, Constitution of Arizona, is proposed to be  
4 amended as follows if approved by the voters and on proclamation of the  
5 Governor:

6 2. Property subject to taxation: exemptions

7 Section 2. (1) There shall be exempt from taxation all  
8 federal, state, county and municipal property.

9 (2) Property of educational, charitable and religious  
10 associations or institutions not used or held for profit may be  
11 exempt from taxation by law.

12 (3) Public debts, as evidenced by the bonds of Arizona,  
13 its counties, municipalities or other subdivisions, shall also  
14 be exempt from taxation.

15 (4) All household goods owned by the user thereof and  
16 used solely for noncommercial purposes shall be exempt from  
17 taxation, and such person entitled to such exemption shall not  
18 be required to take any affirmative action to receive the  
19 benefit of such exemption.

20 (5) Stocks of raw or finished materials, unassembled  
21 parts, work in process or finished products constituting the  
22 inventory of a retailer or wholesaler located within the state  
23 and principally engaged in the resale of such materials, parts  
24 or products, whether or not for resale to the ultimate consumer,  
25 shall be exempt from taxation.

26 (6) The legislature may exempt personal property that is  
27 used for agricultural purposes or in a trade or business from  
28 taxation in a manner provided by law, except that the exemption  
29 does not apply to any amount of the full cash value of the  
30 personal property of a taxpayer that exceeds fifty thousand  
31 dollars. The legislature may provide by law to increase the  
32 exempt amount according to annual variations in a designated  
33 national inflation index.

34 (7) The legislature may exempt the property of cemeteries  
35 that are set apart and used to inter deceased human beings from  
36 taxation in a manner provided by law.

37 ~~(8) There shall be further exempt from taxation the~~  
38 ~~property of each honorably discharged airman, soldier, sailor,~~  
39 ~~United States marine, member of revenue marine service, the~~  
40 ~~coast guard, nurse corps or of any predecessor or of the~~  
41 ~~component of auxiliary of any thereof, resident of this state,~~  
42 ~~in the amount of:~~

43 ~~(a) One thousand five hundred dollars if the total~~  
44 ~~assessment of such person does not exceed three thousand five~~  
45 ~~hundred dollars.~~

46 ~~(b) One thousand dollars if the total assessment of such~~

~~person does not exceed four thousand dollars.~~

~~(c) Five hundred dollars if the total assessment of such person does not exceed four thousand five hundred dollars.~~

~~(d) Two hundred fifty dollars if the total assessment of such person does not exceed five thousand dollars.~~

~~(e) No exemption if the total assessment of such person exceeds five thousand dollars.~~

~~No such exemption shall be made for such person unless such person shall have served at least sixty days in the military or naval service of the United States during World War I or prior wars and shall have been a resident of this state prior to September 1, 1945.~~

~~(9) There shall be further exempt from taxation as herein provided the property of each honorably discharged airman, soldier, sailor, United States marine, member of revenue marine service, the coast guard, nurse corps or of any predecessor or of the component of auxiliary of any thereof, resident of this state, where such person has a service-connected disability as determined by the United States veterans administration or its successor. No such exemption shall be made for such person unless he shall have been a resident of this state prior to September 1, 1945 or unless such person shall have been a resident of this state for at least four years prior to his original entry into service as an airman, soldier, sailor, United States marine, member of revenue marine service, the coast guard, nurse corps or of any predecessor or of the component of auxiliary of any thereof. The property of such person having a compensable service-connected disability exempt from taxation as herein provided shall be determined as follows:~~

~~(a) If such person's service-connected disability as determined by the United States veterans administration or its successor is sixty per cent or less, the property of such person exempt from taxation shall be determined by such person's percentage of disability multiplied by the assessment of such person in the amount of:~~

~~(i) One thousand five hundred dollars if the total assessment of such person does not exceed three thousand five hundred dollars.~~

~~(ii) One thousand dollars if the total assessment of such person does not exceed four thousand dollars.~~

~~(iii) Five hundred dollars if the total assessment of such person does not exceed four thousand five hundred dollars.~~

~~(iv) Two hundred fifty dollars if the total assessment of such person does not exceed five thousand dollars.~~

~~(v) No exemption if the total assessment of such person exceeds five thousand dollars.~~

~~(b) If such person's service-connected disability as determined by the United States veterans administration or its successor is more than sixty per cent, the property of such person exempt from taxation shall be in the amount of:~~

~~(i) One thousand five hundred dollars if the total assessment of such person does not exceed three thousand five hundred dollars.~~

~~(ii) One thousand dollars if the total assessment of such person does not exceed four thousand dollars.~~

~~(iii) Five hundred dollars if the total assessment of such person does not exceed four thousand five hundred dollars.~~

~~(iv) Two hundred fifty dollars if the total assessment of such person does not exceed five thousand dollars.~~

~~(v) No exemption if the total assessment of such person exceeds five thousand dollars.~~

~~(10) There shall be further exempt from taxation the property of each honorably discharged airman, soldier, sailor, United States marine, member of revenue marine service, the coast guard, nurse corps or of any predecessor or of the component of auxiliary of any thereof, resident of this state, where such person has a nonservice-connected total and permanent disability, physical or mental, as so certified by the United States veterans administration, or its successor, or such other certification as provided by law, in the amount of:~~

~~(a) One thousand five hundred dollars if the total assessment of such person does not exceed three thousand five hundred dollars.~~

~~(b) One thousand dollars if the total assessment of such person does not exceed four thousand dollars.~~

~~(c) Five hundred dollars if the total assessment of such person does not exceed four thousand five hundred dollars.~~

~~(d) Two hundred fifty dollars if the total assessment of such person does not exceed five thousand dollars.~~

~~(e) No exemption if the total assessment of such person exceeds five thousand dollars.~~

~~No such exemption shall be made for such person unless he shall have served at least sixty days in the military or naval service of the United States during time of war after World War I and shall have been a resident of this state prior to September 1, 1945.~~

(8) THE PRIMARY RESIDENCE OF A RESIDENT OF THIS STATE WHO IS DISABLED AS A RESULT OF SERVICE IN THE ARMED FORCES OF THE UNITED STATES IS EXEMPT FROM TAXATION AS FOLLOWS:

(a) THE DISABLED PERSON MUST HAVE BEEN A RESIDENT OF THIS STATE ON EITHER:

1 (i) THE DATE THE PERSON ENLISTED OR WAS INDUCTED OR  
2 COMMISSIONED INTO THE ARMED FORCES.

3 (ii) THE DATE THE PERSON WAS DISCHARGED, RELEASED OR  
4 RETIRED FROM THE ARMED FORCES.

5 (b) THE DISABLED PERSON MUST HAVE RECEIVED AN HONORABLE  
6 DISCHARGE, OR RELEASE UNDER HONORABLE CIRCUMSTANCES, FROM ACTIVE  
7 SERVICE.

8 (c) THE DISABLED PERSON MUST HAVE A SERVICE CONNECTED  
9 DISABILITY OF TEN PER CENT OR GREATER.

10 (d) THE AMOUNT OF THE EXEMPTION IS A PERCENTAGE OF THE  
11 ASSESSED VALUATION OF THE PRIMARY RESIDENCE EQUAL TO THE DEGREE  
12 OF THE DISABLED PERSON'S SERVICE CONNECTED DISABILITY.

13 (e) IF A DISABLED PERSON WHO QUALIFIED FOR EXEMPTION  
14 UNDER THIS SUBSECTION DIES, THE SURVIVING SPOUSE IS ELIGIBLE FOR  
15 THE EXEMPTION ON THE SAME PROPERTY AND SUBJECT TO THE SAME  
16 CONDITIONS AS LONG AS THE SPOUSE CONTINUES TO RESIDE ON THE SAME  
17 PROPERTY AND REMAINS UNMARRIED.

18 (f) THE DISABLED PERSON MUST OWN OR POSSESS AN EQUITY  
19 INTEREST IN THE PROPERTY AND OCCUPY THE PROPERTY AS THE PERSON'S  
20 PRIMARY DWELLING PLACE. A SURVIVING SPOUSE MUST OWN OR POSSESS  
21 AN EQUITY INTEREST IN THE SAME PROPERTY OCCUPIED BY THE DISABLED  
22 PERSON ON THAT PERSON'S DEATH AND CONTINUE TO OCCUPY THE  
23 PROPERTY AS THE SPOUSE'S PRIMARY DWELLING PLACE. THE EXEMPTION  
24 UNDER THIS SUBSECTION IS NOT TRANSFERABLE BY A SURVIVING SPOUSE  
25 FROM ONE RESIDENCE TO ANOTHER.

26 (g) THE HOUSEHOLD INCOME FROM ALL SOURCES IN THE YEAR  
27 IMMEDIATELY PRECEDING THE YEAR FOR WHICH THE DISABLED PERSON, OR  
28 A SURVIVING SPOUSE, APPLIES FOR THE EXEMPTION MAY NOT EXCEED:

29 (i) THIRTEEN THOUSAND TWO HUNDRED DOLLARS:

30 1. IF THE DISABLED PERSON OR SURVIVING SPOUSE WAS THE  
31 SOLE RESIDENT IN THE HOUSEHOLD FOR THE FULL YEAR.

32 2. IN ANY OTHER HOUSEHOLD SITUATION WHERE PARAGRAPH (ii)  
33 DOES NOT APPLY.

34 (ii) EIGHTEEN THOUSAND EIGHT HUNDRED FORTY DOLLARS IF  
35 EITHER:

36 1. THE DISABLED PERSON'S SPOUSE RESIDED WITH THE PERSON  
37 IN THE HOUSEHOLD.

38 2. ONE OR MORE OF THE DISABLED PERSON'S CHILDREN,  
39 RESIDING WITH THE PERSON OR A SURVIVING SPOUSE IN THE HOUSEHOLD,  
40 WERE:

41 A. UNDER EIGHTEEN YEARS OF AGE.

42 B. TOTALLY AND PERMANENTLY PHYSICALLY OR MENTALLY  
43 DISABLED, AS CERTIFIED BY COMPETENT MEDICAL AUTHORITY AS  
44 PROVIDED BY LAW.

(h) A PERSON WHO RECEIVES AN EXEMPTION UNDER THIS SUBSECTION IS NOT ELIGIBLE FOR EXEMPTION UNDER SUBSECTION (9) OF THIS SECTION OR SECTION 2.1 OR 2.2 OF THIS ARTICLE.

(i) THE LEGISLATURE SHALL ESTABLISH PROCEDURES FOR ESTABLISHING AND MAINTAINING A PERSON'S ELIGIBILITY FOR, AND OTHERWISE IMPLEMENTING, THE EXEMPTION UNDER THIS SUBSECTION.

(j) FOR THE PURPOSES OF THIS SUBSECTION:

(i) "ARMED FORCES" MEANS ALL REGULAR, RESERVE AND NATIONAL GUARD COMPONENTS OF THE UNIFORMED SERVICES OF THE UNITED STATES, INCLUDING THE UNITED STATES ARMY, NAVY, AIR FORCE, MARINE CORPS AND COAST GUARD, AND INCLUDES CIVILIAN SERVICE THAT IS AUTHORIZED BY FEDERAL LAW TO BE CONSIDERED ACTIVE MILITARY DUTY FOR THE PURPOSES OF LAWS ADMINISTERED BY THE UNITED STATES SECRETARY OF VETERANS AFFAIRS.

(ii) "PRIMARY RESIDENCE" MEANS AN OWNER-OCCUPIED DWELLING, INCLUDING A MANUFACTURED HOME, THAT IS OWNED BY AND USED AS THE PRIMARY DWELLING PLACE OF THE DISABLED PERSON OR SURVIVING SPOUSE, INCLUDING NOT MORE THAN ONE ACRE OF REAL PROPERTY ON WHICH THE RESIDENCE IS LOCATED. A PRINCIPAL RESIDENCE MAY CONSIST OF A PART OF A MULTIDWELLING OR MULTIPURPOSE BUILDING AND PART OF THE LAND ON WHICH THE BUILDING IS LOCATED.

~~(11)~~ (9) There shall be further exempt from taxation the property of each widow, resident of this state, in the amount of:

(a) One thousand five hundred dollars if the total assessment of such widow does not exceed three thousand five hundred dollars.

(b) One thousand dollars if the total assessment of such widow does not exceed four thousand dollars.

(c) Five hundred dollars if the total assessment of such widow does not exceed four thousand five hundred dollars.

(d) Two hundred fifty dollars if the total assessment of such widow does not exceed five thousand dollars.

(e) No exemption if the total assessment of such widow exceeds five thousand dollars.

In order to qualify for this exemption, the income from all sources of such widow, together with the income from all sources of all children of such widow residing with the widow in her residence in the year immediately preceding the year for which such widow applies for this exemption, shall not exceed:

1. Seven thousand dollars if none of the widow's children under the age of eighteen years resided with her in such widow's residence; or

2. Ten thousand dollars if one or more of the widow's children residing with her in such widow's residence was under

the age of eighteen years, or was totally and permanently disabled, physically or mentally, as certified by competent medical authority as provided by law.

Such widow shall have resided with her last spouse in this state at the time of the spouse's death if she was not a widow and a resident of this state prior to January 1, 1969.

~~(12)~~ (10) No property shall be exempt which has been conveyed to evade taxation. The total exemption from taxation granted to the property owned by a person who qualifies for any exemption in accordance with the terms of ~~subsections~~ SUBSECTION (8), ~~OR~~ (9), ~~(10) or (11)~~ OF THIS SECTION shall not exceed one thousand five hundred dollars. The provisions of this section shall be self-executing.

~~(13)~~ (11) All property in the state not exempt under the laws of the United States or under this constitution or exempt by law under the provisions of this section shall be subject to taxation to be ascertained as provided by law.

2. The Secretary of State shall submit this proposition to the voters at the next general election as provided by article XXI, Constitution of Arizona.